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SOURCE Lu-ta Hsing-cheng Kung-shu Kung-pao.

INCOME-TAX REGULATIONS OF THE LU-SHUN--TA-LIEN
ADMINISTRATIVE OFFICE

The following regulations were issued by the Lu-shun--Ta-lien Administrative Office on 13 July 1949 in an effort to resolve problems uncovered in an investigation of income-tax collection for 1 January to 31 June 1949.

1. The value of goods stored in warehouses will be estimated on the basis of market prices in effect on 31 June. These prices will be based on reports of the Trade Bureau and Municipal Chamber of Commerce.
2. Perishable goods may be discounted to accord with changed conditions, but the amount of discount may not exceed 20 per-cent.
3. The tax on surplus foodstuffs and fuels will be estimated on the same basis as warehouse inventories.
4. Goods stored by traders for which certification is available will not be subject to the income tax; those lacking certification will not be excused.

Deductions for Expenses

1. Deduction on income taxes may be allowed in the case of those who paid the business tax during the period January - June 1949.
2. Deduction may not be made in the case of 1948 taxes paid in 1949.
3. Deduction may not be made in the case of household expenses.
4. Deduction will be allowed for expenses for social activities which are conducted for business purposes and for which proof may be offered.
5. Deductions may be made for expenses incurred in making repairs, for which proof is available.

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6. Deductions may be made in the case of interest payments for which proof is available. Interest paid to private individuals for loans, however, is not deductible, and a careful investigation will be made of such lenders.

7. Wages

a. Deductions for managers of commercial establishments and factories may not exceed 15,000 yuan, excluding food expenses ^{for} the 6-month period.

b. Deductions for office workers, commercial establishments, and factories may extend from 3,000 to 8,000 yuan, excluding food expenses.

c. Deductions for all laborers of a factory may average 5,000 to 15,000 yuan. Deductions for night work and piecework will be allowed according to individual conditions.

d. Deductions in the case of technicians will be made in accordance with actual wages.

8. Deductions for food expenses will be estimated on the basis of actual expenditures, and may not exceed 5,000 yuan per month per individual.

9. Deductions will be allowed in the case of cash differentials handled by factory management, determined by the amounts of commodities allocated by the Administrative Office.

10. Deductions will be allowed for workers' severance pay depending on individual circumstances, but there must be proof in the form of a labor-union affidavit.

Other Losses

1. Losses incurred through violation of government regulations may not be deducted.

2. Funds expended for construction, cultural subscriptions, and other purposes not related to the conduct of business may not be deducted.

Main and Branch Establishments

Those firms which in the past have filed business tax returns as a unit may compute their income taxes jointly.

Regulations on Other Problems

1. In the case of firms doing work by contract, uncompleted projects may be assessed in the second period.

2. Two commercial firms engaged in joint operations must compute income taxes for each portion separately.

3. Firms dealing in vehicles or boats will pay a tax if the operations are of a business nature.

4. Brokers selling goods for business firms will pay only the business tax. Profits derived from the sale will be subject to payment of income tax by the business firm.

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